

Top Ten Tips

Colliers International identified the top ten mistakes made by office tenants in a recent survey of its office leasing consultants. Interestingly, the top ten mistakes were consistent regardless of tenant size or location. Could you be about to make some of the same mistakes?

1. Commencing the process too late

By failing to plan well in advance, you can find yourself in a poor negotiating position – the shorter the lead time, the fewer the options with which to leverage negotiations. Ideally, you should aim to have three to four suitable options on your shortlist, well ahead of your lease expiry.

2. Not having a clear real estate brief

It is imperative that you understand your company's real estate needs, not just today but for the next few years. No doubt, you expect your business to evolve over this period. Ensure that your long term needs are being considered at the same time as your immediate requirements.

3. Focusing entirely on financial costs

Too often, business accommodation decisions are made based on bottom line costs. Consider the costs associated with attracting and retaining good staff as property costs are typically a distant number two to HR costs. If you lost 10% of your staff in a move, how much would it cost your business? Does your property profile send the right message to clients?

4. Failing to appoint a project leader

A single point of contact will ensure the right message gets out to the market and save time for all involved. Input from your Finance, HR and IT departments, plus the advice of lawyers, architects and project managers is required. Appoint someone in your organization to take control of this process. Ideally, this individual is not only well organized and a good communicator but has authority to sign off on major project stages.

5. Incorrectly estimating the space required

Workplace trends are revolutionizing the way people work and the space required to set up an office. Only begin to inspect premises once you have assessed your space requirements with the assistance of a workspace strategist/designer. This will ensure that you're looking for the right amount of space and will allow you to drive cultural change via new ideas and advancements.

6. Not allowing time to make-good

Should you decide to move, you will probably be required to "make-good" on your current premises. This simply means returning your premises to its original condition. This can take considerable time and is a commitment often underestimated or overlooked by tenants. You don't want to be paying a premium post-expiry rent while builders complete your make-good obligations.

7. Acting too slowly to secure the preferred option

Tenants often invest a considerable amount of time and effort going through the process of selecting a suitable accommodation option. Once your decision is made however, it is imperative to "lock it away" quickly. Landlords will continue to seek tenants for the space until a lease is signed and a bank guarantee secured.

8. Not conducting a test-fit

No two office buildings are the same. It is not possible to know how a particular option will accommodate your business until a "test-fit" is conducted. If one premises can accommodate more staff than another in an equivalent amount of space, then your total rental cost is lowered. You won't know how the options compare until you get a professional space planning perspective for both premises.

9. Failing to allow for growth space

You're not in business to shrink. Most tenants expect their business to grow over the next five to seven years (equating to the approximate length of your lease). Flexible lease terms and a realistic space budget will give you the latitude you need to expand.

10. Not appreciating that the best opportunities are not always currently available

Though there are currently high vacancy rates in most major centres, there are sectors of every market that are very tight. If you require something very particular, you'll have to allow plenty of time and be prepared to be very flexible in how the deal is put together. In some cases, you may have to be prepared to take on the risk of subleasing your own space or extend your current location to wait for a tenant to vacate that perfect location. A good property consultant will know what is becoming available and when – well before it is.

To receive a copy of the Colliers International Tenant Leasing Guide, the indispensable handbook for leasing commercial office space, please call Colliers Corporate Office Seattle - Kim Heuss, Marketing Director North America

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